



CONGRESSIONAL HEARING RESUME

106TH Congress * Second Session*

SUBJECT: Full Committee Hearing on FY01 Defense Posture

COMMITTEE: House Armed Services

CHAIRMAN: The Honorable Floyd D. Spence (R-2-SC)

MEMBERS PRESENT:

Republicans

SPENCE, Floyd (SC)*
STUMP, Bob (AZ)*
HUNTER, Duncan (CA)*
KASICH, John (OH)
BATEMAN, Herb (VA)
HANSEN, James (UT)*
WELDON, Curt (PA)*
HEFLEY, Joel (CO)*
SAXTON, Jim (NJ)*
BUYER, Steve (IN)*
FOWLER, Tillie (FL)*
McHUGH, John (NY)*
TALENT, James (MO)
EVERETT, Terry (AL)*
BARTLETT, Roscoe (MD)*
McKEON, Buck (CA)*
WATTS, J.C. (OK)*
THORNBERRY, Mac (TX)
HOSTETTLER, John (IN)
CHAMBLISS, Saxby (GA)*
HILLEARY, Van (TN)
SCARBOROUGH, Joe (FL)*
JONES, Walter (NC)
GRAHAM, Lindsey (SC)
RYUN, Jim (KS)
RILEY, Bob (AL)
GIBBONS, Jim (NV)
BONO, Mary (CA)
PITTS, Joseph (PA)*
HAYES, Robin (NC)*
KUYKENDALL, Steve (CA)*
SHERWOOD, Donald (PA)

Democrats

SKELTON, Ike (MO)*
SISISKY, Norman (VA)*
SPRATT, John (SC)
ORTIZ, Solomon (TX)*
PICKETT, Owen (VA)*
EVANS, Lane (IL)*
TAYLOR, Gene (MS)*
ABERCROMBIE, Neil (HI)
MEEHAN, Martin (MA)
UNDERWOOD, Robert (Guam)
KENNEDY, Patrick (RI)
BLAGOJEVICH, Rod (IL)
REYES, Silvestre (TX)*
ALLEN, Tom (ME)
SNYDER, Victor (AR)*
TURNER, Jim (TX)
SMITH, Adam (WA)*
SANCHEZ, Loretta (CA)
MALONEY, James (CT)*
McINTYRE, Mike (NC)*
RODRIGUEZ, Ciro D. (TX)*
McKINNEY, Cynthia (GA)
TAUSCHER, Ellen (CA)*
ANDREWS, Robert (NJ)
HILL, Baron (IN)
THOMPSON, Mike (CA)*
LARSON, John (CT)

*** Note: Members present**

**WITNESSES: F. Whitten Peters, Secretary of the Air Force
Louis Caldera, Secretary of the Army
Richard Danzig, Secretary of the Navy**

Information contained in this resume was obtained during an open hearing. It will not be released outside of the Department of Defense (DOD) agencies until published hearing transcripts have been released by the Committee, and only to the extent it is in accordance with published hearing procedures.

Committee was called to order at 1005

SUMMARY

Rep Spence reiterated the point he made at the Chief's Posture hearing on 10 Feb that military underfunding leads to more risk our armed forces must face. Rep Skelton echoed those comments and expressed concern that the message relating to the consequences of continued shortfalls in military spending was not being heard. He encouraged the Service Secretaries to tell the committee their budget needs. Problems with health care for military retirees were raised by several committee members.

Chairman Spence's Opening Remarks

Targeted procurement spending as one area where the disparity between requirements and available resources continue to be unacceptable, adding to the level of risk our armed forces must face. Noted in recent testimony before the committee, both Deputy Secretary of Defense John Hamre and former Secretary of Defense said that the budget request underfunds procurement. Hamre put the shortfall at \$60B, while Perry estimated a \$70B to \$80B shortfall. Rep Spence said the Air Force has cited shortfalls in the budget request with respect to real property maintenance and spare parts, and has recently pointed out that essential modernization programs remain underfunded. Stressed that this year's combined UPL total for the Services was \$16B, nearly double last year's submission of \$8.7B. As in the 10 February Service Chiefs' hearing, he referenced the study by the Center for Strategic and International Studies which predicts we are at the front end of the defense "train wreck." Relayed DOD's latest Quarterly Readiness Review to Congress assesses that the risk for ongoing operations of fighting two major theater wars is moderate to high. Concluded by saying he remains concerned that continued underfunding would lead to an even greater risk in the future.

Ranking Member Rep Skelton's Opening Remarks

Said U.S. military forces were increasingly being called upon to keep peace in the world. Concerned that the gravity of the consequences of continued funding shortfalls was a message being poorly relayed to the public. He encouraged the Service Secretaries to tell the committee their real budget needs.

Secretary Peters' Opening Remarks

Told committee members that in the past 18 months, the Air Force has shown that its investments in stealth, precision munitions, unmanned vehicles, and improved ISR systems have matured into unparalleled combat power. Cited the following

accomplishments: employed a significant number of GPS-guided munitions in combat and demonstrated an all-weather, day/night, precision strike capability far more lethal and accurate than ever before; B-1 was used in combat for the first time; B-2 demonstrated the power of the Joint Direct Attack Munition and our ability to fly from bases inside the U.S. to strike targets thousands of miles away; made extensive use of UAVs in combat and fused UAV intelligence data in real time with data from overhead sensors to find, fix, target and engage enemy forces; brought raw intelligence data from our ISR platforms directly back to the U.S. for processing and return to deployed units in minutes to hours; stood up and deployed the AEF; and began to address serious pay, personnel, modernization and readiness challenges. Other good news items included an increasing inventory of spare parts, MC rates stabilizing, arresting of the pilot shortage from 2,000 to bottom out at 1200 with about half that at the end of next year, and the retention of almost 60% of first term airman and almost $\frac{3}{4}$ of our second term airmen. Relayed to members that with the EAF, we ensure that the majority of our forces are training to meet our obligation to be ready on short notice to fight and win two nearly simultaneous major theater wars. Noted as the result of the EAF schedule, over 10% of deployed manpower requirements will be met by Guard and Reserve units.

Rep Skelton

Said F-22 & JSF are in trouble due to lack of adequate funding. Asked witnesses if they agree with their Service Chiefs' UPLs.

Secretary Peters

Agreed and stressed the Air Force UPL was a joint product with Gen Ryan. Also lamented KC-135s are aging out with no money for modernization.

Rep Sisisky

Noted the QDR was taking place next year and that the Services need to build their case for it. Said this QDR will be threat driven rather than budget driven. Turning to JROTC, stated that all the Chiefs agreed in the 10 Feb hearing it was a great program. 35% of JROTC participants go on to some type of service, he said. Monetary benefits: Services spend around \$10K per recruit while JROTC spends around \$450 per recruit.

Secretary Peters

Responded that the Air Force was expanding its JROTC program. Added we were working with CAP as another avenue to draw recruits.

Rep Hefley

Stated promises/commitments were made to veterans to take care of their health needs. Wants to see the TRICARE Subvention program expanded.

Secretary Peters

Pointed out the Services were not being reimbursed by HCFA. Said military providers should be funded at the same level as other providers. Medical doctors/facilities not designed to deal with retiree populations.

Rep Pickett

Relayed he is hearing word there will be no supplemental appropriations bill this year. With no supplemental and Services spending money on contingency operations, he foresaw even greater funding shortfalls for the Services.

Secretary Peters

Listed \$100M in ops funding, large claims in TRICARE, and rising fuel costs as further drains on Air Force resources.

Rep Buyer

Stated there was a statutory limit of 3500 for JROTC. Rather than raise the caps, he wants the SECDEF to review JROTC and redistribute cap numbers for the Services. Noted he was going to work on bill language concerning allocation redistribution. With regards to TRICARE, relayed Medicare Subvention was costing DoD \$2K per beneficiary. Noted the proposed move to nationwide Subvention has not been received favorably. In comparison with the Navy's problems with the Vieques training range, he lauded the Air Force for its stewardship of the Barry Goldwater range that is on Indian sacred ground. Commented the problem with Vieques sets a bad precedent.

Rep Taylor

Stated military retirees were promised lifetime health care. Asked witnesses to provide him with language it would take to provide for base hospital cost for retirees. Said the money should come from Medicare and not DoD funds. The language would be included either in the committee markup or added as an amendment on the House floor.

Secretary Peters

Indicated his support for Medicare Subvention.

Rep Pitts

Had a question for the record concerning how electronic warfare assets fit into AEF.

Rep Snyder

Said in his district, he was hearing from medical providers that TRICARE was playing doctors against hospitals by paying 85% of what Medicare pays.

Secretary Peters

Indicated he was unaware of the problem there, but knows low payment rate is a big problem especially for OB/GYN.

Hearing concluded at 1300